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**Abstract**

In order to improve qualitative and quantitative channel outcomes, a manufacturer needs to give adequate sales support and effectively communicate with its distributors. In international setting these communication and motivating requirements are even more challenging due to the more complex channel conditions and communication climate. The purpose of this study is to investigate how interorganizational communication and sales support create value in marketing channel and how they enhance channel performance.

The case company LM-Instruments Oy develops, manufactures and markets dental hand instruments and their supplementary products for dentists and dental hygienists. It distributes its products through international network of independent distributors. To enhance channel performance LM supports its distributors e.g. by providing accurate and fast deliveries, giving product training, providing marketing material, supporting local marketing efforts, exhibiting at international dental shows etc. To analyze the characteristics of channel relationships between LM and its distributors and to find out how the given sales support create value to distributors and what the expectations for effective communication are, an Internet based survey was sent to thirty LM distributors worldwide. The data received was analyzed with quantitative methods. To enrich the interpretation of the results qualitative data produced by being a participative observer in the case company was used.

The results show that LM's channel relationships seem to have a long-term orientation even though distributors vary significantly in size and age. The different categories of distributors seemed to have very similar expectations for effective communication and sales support. The results were clear that all sales support is valuable and that LM relatively well has supported its channel partners. However there were implications that the size of the distributor most often is the factor leading to differences in the need for support and this should be taken into account when designing the incentive programs. To find the most appropriate and sufficient support portfolio for all resellers, there should be a list of incentives from which the individual programs can be negotiated. The results showed that LM's communication climate with its distributors is open and rather informal with bidirectional flows. The direction, modality and content of communication seemed to meet the distributors' requirements for effective communication, but the frequency needs improvement. A clear trend towards increasing need for pull-tactics in marketing could also be recognized. In order to be able to answer these demands, all advancements in information technology should be explored and utilized.

Key words	Marketing channels, reseller support, incentives, communication
Further information	